

# TRS Employer News

Spring 2003

## STAR payments for member 2.2 upgrade, optional service, or ERO

With the new TRS STAR computer system, the Employer's Payment of Member's Optional Contribution Balance form became obsolete. To initiate employer payment of a member's 2.2 upgrade or optional service, you should contact the TRS Employer Services Department or Accounting Department to obtain a new Employer Payment Coupon.

This coupon form is very similar to the obsolete Employer's Payment of Member's Optional Contribution Balance form that you may have used in the past, but it is now customized for each member.

You will receive a separate Employer Payment Coupon form for each person with prefilled information for the member's name and Social Security number. Also, if you are paying more than one type of cost for a member, you will receive a separate form for each cost. The heading will indicate if the coupon form is for a 2.2 upgrade or optional service.

On the coupon, you must indicate whether or not you are tax-sheltering the payment. Optional service or 2.2 upgrade payments can be tax-sheltered if the employer agrees to "pick up" the contribution in accordance

with Internal Revenue Code Section 414(h)(2). Federal guidelines require a pick-up authorization to be included in a board resolution, collective bargaining agreement or contract. Chapter 7 of the *Employer Guide* contains sample pick-up authorization language.

If you are paying all or a portion of a member's ERO, the payment should be remitted to us along with the Employer Payment Coupon for Member ERO Contribution. The coupon is sent to the member when the ERO has been calculated. The member should forward the coupon to you, and you must indicate whether the payment is tax-sheltered on the coupon.

## Remit supplementary reports early for members retiring under ERO

Under federal law, TRS members must remit their after-tax early retirement option (ERO) contributions no later than July 31 following the school year in which they retired. For members retiring under ERO, the supplementary report can be submitted as early as May 1, 2003, to allow for the calculation

of ERO contributions and to allow time for the member to remit the contributions prior to July 31, 2003. For members that are not retiring under ERO, submit the supplementary report after the member's last day of work as in prior years.



## Employer Services online

Our Employer Services page on the TRS Web site will keep you updated with current employer topics at TRS. Logon to [www.trs.state.il.us](http://www.trs.state.il.us) and click on the Employer Services link on the left navigation bar. You may also access employer publications from the right navigation bar on the Employer Services page.



**Retirement Security for Illinois Educators**  
**Teachers' Retirement System of the State of Illinois**

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## 20-year TRS accounting manager retires

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April 30 was Tracy Scaduto's final day in the TRS Accounting Department; she decided the early retirement incentive offered by the state of Illinois was too good to pass up.

On April 1, 1983, Tracy started her career at TRS as an accountant. She was promoted to accounting manager six months later and she stayed in that position for the past 20 years.

Tracy was a key figure in many new areas for employers. She was part of developing and testing the STAR system, which was launched in January. Tracy also was involved in the set-up of the Payroll Deduction Program, ERI billings, and new health insurance contributions. Although she'll be gone by the time EFT Web remittance is ready for you, she feels that it will be another technological benefit for you.

Her retirement plans include spending time with her son, gardening, helping her husband in his new business, and volunteering for a hospice or with children who have literacy problems.

Although Tracy is sad about leaving TRS, she is happy to leave knowing that the department functions well and benefits you as an employer. "You have a real great group in the Accounting Department to work with. They are always willing to answer questions and help you," Tracy said.

Debbie Maul started as the new accounting manager on May 1.



## Medicare participation bill requires Governor's action

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House Bill 79, which would allow active teachers in TRS to participate in Medicare, has passed both houses and is awaiting final action by the Governor at the time of this printing.



The legislation allows teachers who have been continuously employed since April 1, 1986, to participate in Medicare in order to obtain enough credits to be eligible for the program at the time of retirement.

## Mandatory EFT participation effective July 1

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On July 1, 2003, the Teachers' Retirement System's Electronic Funds Transfer (EFT) Program will become mandatory for all TRS employers. The EFT Program allows you to remit all member and employer contributions electronically by dialing a toll free number instead of mailing checks.

If you have any questions, please contact us toll free at (888) 877-0890, option 2, or via e-mail at [employers@trs.state.il.us](mailto:employers@trs.state.il.us).



## Payroll Deduction Program available for ERO costs before retirement

### Background

If a member retires between the ages of 55 and 60 with less than 35 years of service credit, the member's retirement benefits may be reduced. To avoid the reduction, the member must elect to use the ERO.

There are significant costs to the member and employer when the member retires under ERO. Usually, the costs are paid in lump sums shortly after the member retires. To avoid these payments after retirement, the PDP ERO option was created.



We now offer members the opportunity to enroll in a Payroll Deduction Program (PDP) to pay for early retirement option (ERO) costs prior to retirement based on an estimate of the cost.

The Payroll Deduction Program allows members to pay their ERO cost using before-tax dollars.

Federal law establishes a limit on the after-tax ERO dollars a member can remit to us. Because of these federal limitations, members who are paying their ERO cost with after-tax dollars must remit their ERO contributions no later than July 31 following retirement.

After the member ERO cost has been paid, the district will be billed for the employer ERO cost.

## Employer Information Seminars well attended this year

The 2003 employer information seminars were well-received and attended by representatives from 624 school districts. This year's presentations were designed to assist employers with reporting changes and remittance of contributions. Hosted in Carterville, Crystal Lake, Des Plaines, Orland Park, Peoria, Rock Falls, Springfield, and Vandalia, the seminars covered the following topics:

- the new STAR Employer Billing System,
- reporting creditable summer earnings,
- sick leave reporting,
- EFT and Web-based remittance of contributions,
- Automated Reporting System changes, and
- member and employer contribution rate increases.

We would appreciate receiving your feedback about the seminar you attended or about topics you'd like to see presented in the future. Drop us a note at [employers@trs.state.il.us](mailto:employers@trs.state.il.us).



## Members called to active military duty

TRS members called to active duty with the military continue to receive compensation from their school district and continue to receive TRS membership credit.

*Information Bulletin 0078* summarizes the law, explains how members receive credit, and how employers should report this service to TRS. *Information Bulletin 0078* is available on our Web site at [www.trs.state.il.us](http://www.trs.state.il.us).





## Spotlighting Marcy Rayot

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You either know her as Marcy Smith or Marcy Rayot. To make it simple, she's the only Marcy in the Accounting Department.

Although Marcy married and changed her name in February 2001, she still receives and accepts TRS correspondence and phone calls with her maiden name, Smith.

Marcy, who received a bachelor of science degree in mathematics from Illinois College in 1991, worked in escrow analysis for a home mortgage company for four years before coming to TRS in October 1995. Marcy has had the opportunity to be involved with many aspects of the Ac-



counting Department over the past seven and a half years.

She has been active with the Early Retirement Incentive program, the implementation of the STAR computer system, the

Electronic Funds Transfer system, the Payroll Deduction Program, and of course all of the many legislative changes that have happened over the years. Marcy is also looking forward to the implementation of the EFT Web based remittance system for you.

Some of her daily duties include: reconciling contribution deposits, processing payroll deduction program agreements, and re-

sponding to employer and member inquiries.

Lately, she has also been very active preparing STAR educational materials for you, developing Employer Bulletins, and participating in Employer Information Seminars. "The seminars are an added bonus of my job. I enjoy meeting bookkeepers and it is always nice to put a face with a name," Marcy said.

On a more personal note, Marcy is active in her church and helps organize charity collection drives at the office. She and her husband, Charles, enjoy traveling, camping, canoeing, and mountain biking. They, along with their dachshund, Sammi, are anxiously awaiting the closing of their first house later this month.

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## How to reach us

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### Web site

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### Telephone directory

#### *Toll free employer number*

(888) 877-0890  
Employer Services, press 1  
Accounting, press 2  
Automated Reporting System, press 3

#### *Fax*

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